

Henderson Ridge Consulting, Inc.

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June 10, 2014

Louisiana Public Service Commission
Brandon Frey
Executive Counsel
602 North Fifth Street (Galvez Building)
P.O. Box 91154
Baton Rouge, Louisiana 70821-9154

Re: RFP 14-11

Entergy Louisiana, LLC (“ELL”) and Entergy Gulf States Louisiana, L.L.C. (“EGSL”), ex parte. In re: Submission of Business Combination Study regarding potential business combination.

Dear Brandon:

Henderson Ridge Consulting is pleased to respond to the Louisiana Public Service Commission’s (“LPSC” or “the Commission”) May 16, 2014 Request For Proposals (“RFP”) for independent technical consultants to assist the Commission in reviewing the Business Combination Study (“BCS”) that Entergy Louisiana, LLC and Entergy Gulf States Louisiana, L.L.C. plan to submit. ELL and EGSL are filing the BCS in support of the Companies’ potential business combination. Henderson Ridge Consulting is well-qualified to conduct the review of the BCS as our firm has evaluated multiple applications and filings of the Entergy operating companies over the last twenty years on behalf of the Commission. These engagements have covered the evaluation of annual Formula Rate Plan filings, audits of storm restoration expenditures, Fuel Adjustment Clause and Purchased Gas Adjustment audits, nuclear decommissioning revenue requirement development, the review of transmission projects, and the evaluation of the dispatch of generating facilities.

Scope of Representation

The RFP outlines two phases for the project. In Phase I, Henderson Ridge Consulting will assist the LPSC Staff in the review and analysis of the BCS. Our firm will review the documentation provided by the Company in support of the BCS, prepare discovery seeking additional information, and analyze the issues and concerns of other interested parties participating in the proceeding. There will likely be a need for status and technical conferences in which we will participate. We will prepare a final report that presents our findings, conclusions, and recommendations regarding the Companies' potential business combination.

Phase II will only be necessary should the determination be reached in Phase I that the public interest supports an application from the Companies seeking the Commission's approval of the proposed transaction. In Phase II, we will review the Companies' Application and the prefiled testimony submitted in support of the Application. We will conduct detailed discovery regarding the proposed transaction and make recommendations to preserve the Commission's regulatory authority. We will assist Staff in preparing briefs as well as engage in settlement negotiations should the engagement take that course.

Proposed Work Plan of Henderson Ridge Consulting

The Phase I work plan of Henderson Ridge Consulting will evaluate whether the Companies' proposed business combination is in the public interest.

The major services, procedures, and tests that will be performed include:

- Examine documentation provided by the Companies in preparation and in support of the BCS, including prefiled testimony and exhibits;
- Prepare formal discovery and review the Companies' responses;
- Examine the Cost Benefit Analyses that may have been conducted by or on behalf of the Companies;

- Review all filings and prefiled testimony of interveners and conduct discovery of interveners;
- Attend technical conferences as necessary;
- Prepare final report and/or prefiled testimony;
- Attend Business and Executive Session;
- Assist Staff counsel in the drafting of motions, briefs, and orders; and
- Provide general support services to Staff throughout the engagement.

The Phase II work plan, if necessary, will include the following activities:

- Examine the documentation provided by the Companies in support of the Application seeking regulatory approval of the proposed transaction, including prefiled testimony and exhibits;
- Prepare formal discovery and review the Companies' responses;
- Examine the documentation in support of claimed benefits and the quantification of those benefits;
- Examine all studies by Entergy or on behalf of the Companies that quantify the costs of combining the operations of ELL and EGSL;
- Determine the best course to preserve the Commission's jurisdictional authority;
- Review all filings and prefiled testimony of interveners and conduct discovery of interveners;
- Attend technical conferences as necessary;
- Prepare final report and/or prefiled testimony;
- Attend Business and Executive Session;
- Assist Staff counsel in the drafting of motions, briefs, and orders; and
- Provide general support services to Staff throughout the engagement.

Experience of Henderson Ridge Consulting

Henderson Ridge Consulting has been retained by the Louisiana Public Service Commission over the last twenty years to assist Staff in numerous dockets covering the

myriad requests, issues, and audits of the LPSC-jurisdictional Entergy operating companies. In addition to working on Entergy projects on behalf of the Commission, our firm has been retained to conduct several other engagements that have involved investor-owned electric utilities and those organized as cooperatives, telecommunications carriers, local gas distribution companies, and water and wastewater utilities. Particularly germane to the Phase I requirements, we have conducted public interest determinations when utilities have requested the Commission's approval of a transfer of ownership or change of control. A more detailed description of the services we have performed is included as a separate attachment to our response to the Commission's RFP.

Minimum Requirements

Henderson Ridge Consulting is experienced in analyzing the operations and the books and records of electric utilities, local gas distribution companies, telecommunications carriers, and water and wastewater utilities under the jurisdiction of the Louisiana Public Service Commission. This experience has been applied for the purpose of setting just and reasonable rates in the recovery of costs from ratepayers as well as public interest determinations in response to the filings of regulated utilities.

As discussed in the Experience section of our proposal, Henderson Ridge Consulting is familiar with the operations of ELL and EGSL, including a recent review of the Companies' transmission system construction plans and dispatch of its generating fleet. Henderson Ridge Consulting has reviewed the list of minimum requirements identified in Section IV of the Commission's RFP. Our firm is experienced with each of the minimum requirements and can readily satisfy this group of professional standards that the Commission expects of its expert consultants.

Estimate of Cost

The professional fees for Phase I of the project are estimated at \$24,400.00 based upon an hourly rate of \$150 for William Barta and \$135 for Debbie Barta and Kit

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Mastrangelo. Travel-related expenses are anticipated to be \$3,000.00 for a total Phase I budget of \$27,400.00.

Should Phase II be required, the professional fees for this part of the project are estimated at \$72,800.00 and travel-related expenses are anticipated to be \$6,000.00 for a total Phase II budget of \$78,800.00.

Conflict of Interest

Henderson Ridge Consulting has no current assignments, or any prior assignments, that could pose any conflicts of interest, or the appearance of such conflicts, including, but not limited to, any work performed on behalf of the Louisiana Public Service Commission.

I appreciate the opportunity to respond to the RFP and to continue our relationship with the Commission and its Staff.

Sincerely,

William Barta
Principal